



DON'T FEAR THE SALESPERSON: GETTING THE MOST FROM VENDORS

By Perry Longinotti

Managing vendor relationships, whether with existing business partners or prospective ones, can be challenging. Not everyone is fortunate to have a purchasing department that monitors and maintains vendors; sometimes you have to take matters into your own hands.

While I have never worked as a purchaser, in my role as salesperson, I have helped numerous organizations through the payroll purchasing cycle. This article will show how vendors can be used as a resource when upgrading your payroll system. It will also provide tips and recommendations on how to get the most from your vendor relationships—particularly when looking for a new system.

Through the purchasing process, roles change. Your role will go from prospect/purchaser to client/end-user, and your salesperson is typically replaced with an account manager and a support team. While these changes are happening, it is important to understand the goals and motivations of the participants.

METRICS

The first thing you should do is take an inventory of what you have. In most organizations, management will answer a request for a new system with “What’s wrong with what we have now?” It’s a good idea to have answers ready.

Prepare a summary of your current system’s functions, strengths and weaknesses, and look at available upgrades and other opportunities. You should also contact your current solution provider for the service terms. (If you don’t have a provider, create a contact list of who to call for support, escalations, billing inquiries and additional modules.) Ensure you understand the Service Level Agreement (SLA). Is your provider meeting their commitments? How does their pricing work? Without a thorough understanding of the costs, it will be very hard to measure the return on investment.

If you were around when the current solution was selected, review any notes or documentation outlining costs and promised service levels. It is reasonable that costs will increase gradually over time, but you should keep an eye out for items such as hidden service charges, time spent getting support, unreasonable annual increases and the cost of maintaining interfaces.

When measuring vendor relationships, there are generally three types: strategic vendors who deliver high-value services very well, commodity vendors who deliver reasonable services that are easy to replace, and problem vendors who treat you like a commodity. For you to play a strategic role in your organization, your payroll provider needs to operate strategically. If your payroll solution partner is a problem vendor, you should either try to coach them or replace them.

Any vendor should be willing to sit down and listen to your concerns. It

costs companies more money to find new clients than to retain existing ones. Do your homework so that you can illustrate any variance between what was promised and what is being delivered. Make sure they understand the metrics you are using to measure the performance. If there are issues, ask for a resolution plan that includes dates. Afterwards, keep the vendor’s resolution plan in mind and set your own timelines.

WEARING THE PURCHASER'S HAT

As a purchaser, you are trying to determine what you want from a new system. In some cases, your organization may be looking for a multi-functional system, which includes a payroll feature. You need to be included in the decision-making process because payroll is a mission-critical function and you have a vested interest in making sure the new system will do the job properly. If you don’t play a key role in the selection, there is a real possibility that you will end up with a tool that does not meet your compliance and administrative needs.

It’s important to understand the value you bring. As a payroll practitioner, you can identify strategic opportunities, such as containing costs (reducing manual administration and service fees); adding value through business intelligence (better reporting and higher level analysis tools); and supporting corporate initiatives, such as green programs (electronic pay statements).

You also bring a tremendous degree of subject matter expertise to an area where many people fear to tread: legislative compliance. Any new system must meet the requirements set out by the federal and provincial jurisdictions where you pay people.

Now that we have established why you should be involved, let’s look at the how.

MAPPING OUT THE PROJECT

It can be tricky juggling your existing job responsibilities with the added workload of being a purchaser. You may be too busy to keep up with the latest technology and not know what is available.

The important thing to remember is that as the purchaser you control the dates. Determine when your organization will conclude its search, and working backwards from this date, set milestones (for example, bids, demos, post-demo clarifications, negotiations and kick-off meetings).

So where do you start? Before you go to market you should have a good understanding of the following:

- **Scope:** Create a clear list of the functionality required by the new system. Where do you feel your existing system is consuming too much of your time? How can a new system promote efficiency in your organization? You want to have a clear definition of the project. Lack of clarity can lead to feature-creep, which is synonymous with delays and increased costs.
- **Budget:** How much money do you have to work with? Is this going to be a capital expenditure or will you be working from an operations budget? If possible, explore on-premise, hosted and outsourced solutions to see which is the best fit.
- **Decision-making:** Who shares the decision with you? What do they need to see from this project for it to be a success? Throughout the process, communication within your group is important to avoid surprises down the road. It is also very



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important that you speak to the market through a single voice.

- **Success factors:** Once your new system is implemented, how will you measure the project's success?

This last step is vital. You need to be able to track reality versus promises (reduced administration, cost savings, better management reporting, quicker turnaround, improved service levels, etc.). This is equally important for you and the vendor—a good vendor is going to want to be able to quantify their success to use as a model for how they could help other organizations.

Armed with a timeline, scope and budget, as well a clear understanding of the decision-making process and how the success of this project will be measured, you are ready to approach the market. With resources like the Canadian Payroll Association's Payroll Mall and its annual Trade Show to draw from, establishing a list of vendors to contact should be easy.

Let's now look at vendors and how they contribute to this process.

VENDORS

A vendor's salespeople manage the process from the perspective of their organization. In addition to responding to you when you contact them, they are also responsible for creating demand for their products. It is likely

that some enterprising salespeople will have contacted you prior to embarking on this project. Because they know their clients (who may be similar to your organization) and the industry (including your existing system), they can often be uniquely qualified to suggest ways in which you could run your payroll more efficiently.

However, once you have defined the scope of your project, you will want to make sure you stay focused. At this point, salespeople should not be "selling" so much as trying to understand your needs, facilitating communication and providing information.

Salespeople's objectives revolve around measurable sales performance. It's their job to begin or continue a vendor relationship with your organization. Good salespeople know that understanding and satisfying a prospective client's needs leads to success, which can be converted into long-term revenue and new business opportunities down the road.

Good salespeople are excellent at qualifying and prioritizing their prospective clients. They must be able to answer their supervisor's questions about a client's timing, scope, budget, decision-making process and success factors. If you do not provide this information, they may infer you aren't serious and move on to another opportunity. Answering their questions also saves time, as salespeople often know

immediately whether they can help you.

In addition, if you want to see the best the vendor has to offer (and you definitely do!), it is important to share your situation. Every year, hundreds, if not thousands, small- and medium-sized Canadian businesses are looking for new payroll or human resources information systems. You want to make sure that you are the vendor's priority.

Once you select a new system, the winning vendor will likely assign an account manager to you. One of the first orders of business with your account manager should be to review the project to ensure that it is meeting or exceeding your business objectives. You should also plan regular meetings with your account manager. (This can be as infrequent as once per year.)

A good relationship with your account manager is important for many reasons: their product knowledge can be used to solve any problems, they can facilitate case studies that make both parties look good, and they are often experts at finding solutions because they know the internal structure of their organization—and how to get things done—better than anyone. In addition, they are often the best conduits for communication (both good and bad).

COMMUNICATION

Communication with vendors is vital, whether you are actively shopping for a new system and speaking with inter-

ested bidders or having your regular meeting with an account manager.

When you are researching a new payroll provider and you want to create an equal playing field to encourage the best bids from all the potential vendors, remember that consistency creates equality. Treat everyone the same and communicate in the same manner and you will benefit from having engaged vendors bidding for your business.

Another tangential benefit is that the more upfront and open you are about the process, the less likely you are to be pestered with calls for information from salespeople. Most salespeople are highly organized and regimented. If an important question remains unanswered, they will keep calling until they know the answer.

Clear, ongoing communication with your account manager is particularly

important if, after measuring your payroll solution provider, you find they come up short. Fixing the problem is a lot less costly and time consuming than switching providers, so you owe it to yourself to try that first.

Also, seek out any periodical communications from your vendor, such as newsletters, workshops, users groups and conferences. You can consume this information at your own pace and you may learn about additional communication channels, such as peer groups, that can be invaluable.

CONCLUSION

Payroll is a vital function in any organization. Therefore, the tools you use to perform your job are very important for your organization, as is the relationship you have with the company supplying those payroll products.

Whether you are looking to improve service from an existing payroll solution provider or establish a new relationship, these tips will help you maximize your vendor relationship. ■

Since 2001, Perry Longinotti has helped organizations of all sizes across Canada solve complex workforce challenges. He can be reached at Avanti Software Inc. (www.avanti.ca), one of Canada's leading providers of fully integrated Payroll, Time and HRIS solutions for over 30 years, with clients from coast to coast.

To learn more about selecting a payroll service provider, attend the education session, "Vendor Selection & Relationships," at the CPA's 2010 Conference & Trade Show, from July 6 to 9, in Toronto, ON. Visit www.payroll.ca, under *Conferences*, for more information.



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